

EXHIBIT 1

INTRODUCTION

Respondent Richard T. Santulli is Chairman and Chief Executive Officer of NetJets, Inc., headquartered in Woodbridge, New Jersey.

In 2002, during the first semi-annual campaign reporting period January 1, 2002 through June 30, 2002, Respondent made a \$100,000 political contribution, and thereby qualified as a “major donor committee” under the Political Reform Act (the “Act”).¹ As such, Respondent was required to comply with specified campaign reporting provisions of the Act.

As a major donor committee, Respondent was required by the Act to file a semi-annual campaign statement, commonly known as a “major donor statement,” disclosing Respondent’s campaign activity during the period January 1, 2002 through June 30, 2002. Furthermore, as Respondent’s contributions exceeded \$50,000 for the calendar year, Respondent was also obligated to file all required campaign statements online or electronically with the Secretary of State after the \$50,000 threshold amount was met.

Respondent committed two violations of the Act by failing to timely file a semi-annual campaign statement and by failing to file a semi-annual campaign statement electronically.

For the purposes of this Stipulation, Respondent’s violations are stated as follows:

COUNT 1: Respondent Richard T. Santulli failed to timely file a semi-annual campaign statement, by the July 31, 2002 due date, for the reporting period January 1, 2002 through June 30, 2002, in violation of section 84200, subdivision (b).

COUNT 2: Respondent Richard T. Santulli failed to file a semi-annual campaign statement electronically, by the July 31, 2002 due date, for the reporting period January 1, 2002 through June 30, 2002, in violation of section 84605, subdivision (a).

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

Section 82013, subdivision (c) includes within the definition of “committee” any person or combination of persons who directly or indirectly makes contributions, including loans, totaling ten thousand dollars (\$10,000) or more in a calendar year to, or at the behest of, candidates or committees. This type of committee is commonly referred to as a “major donor” committee.

Section 84200, subdivision (b) requires a major donor committee to file a semi-annual campaign statement for any reporting period in which the committee made campaign contributions. The first semi-annual campaign statement covers the reporting period January 1 to June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 to December 31, and must be filed by January 31 of the following year.

Section 84605, subdivision (a) requires, beginning July 1, 2000, that major donor committees, which make contributions totaling fifty thousand dollars (\$50,000) or more in a calendar year, must file all required campaign statements online or electronically with the Secretary of State, after the \$50,000 threshold amount is met.

Section 84215, subdivision (a) requires all major donor committees supporting statewide measures, candidates, or elected officers to file their campaign statements with the office of the Secretary of State, with the Registrar-Recorder of Los Angeles County, and with the Registrar of Voters of the City and County of San Francisco.

SUMMARY OF THE FACTS

In 2002, during the first semi-annual campaign reporting period January 1, 2002 through June 30, 2002, Respondent made a \$100,000 political contribution, and thereby qualified, under section 82013, subdivision (c) of the Act, as a major donor committee.

COUNT 1

Failure to File a Semi-Annual Campaign Statement

As a major donor committee, Respondent Richard T. Santulli had a duty to file a semi-annual campaign statement by July 31, 2002, for the reporting period January 1, 2002 through June 30, 2002. Respondent failed to file a semi-annual campaign statement by July 31, 2002, in violation of section 84200, subdivision (b).

During the reporting period January 1, 2002 through June 30, 2002, Respondent made a \$100,000 campaign contribution to support the Citizens for After School Programs Committee, which he failed to disclose in a timely filed semi-annual campaign statement. By failing to timely file a semi-annual campaign statement disclosing Respondent’s contribution, as set forth

above, Respondent committed a violation of section 84200, subdivision (b).

Respondent filed a semi-annual campaign statement, for the reporting period January 1, 2002 through December 31, 2002, with the Office of the Secretary of State, on July 1, 2003, approximately eleven months late.

COUNT 2

Failure to File Semi-Annual Campaign Statement Electronically

As a major donor committee, Respondent Richard T. Santulli had a duty to file a semi-annual campaign statement electronically by July 31, 2002, for the reporting period January 1, 2002 through June 30, 2002. Respondent failed to file a semi-annual campaign statement electronically, by July 31, 2002, in violation of section 84605, subdivision (a).

On March 27, 2002, Respondent's total contributions for calendar year 2002 totaled \$100,000. As such, Respondent had met the \$50,000 threshold amount, which thereafter required all campaign statements filed by Respondent to be filed electronically or online with the Office of the Secretary of State, in addition to the paper-filing requirement.

During the first semi-annual reporting period January 1, 2002 through June 30, 2002, Respondent made a \$100,000 campaign contribution to support the Citizens for After School Programs Committee, which he failed to disclose in an electronically filed semi-annual campaign statement by the July 31, 2002 due date.

By failing to file a semi-annual campaign statement electronically, disclosing contributions made, as set forth above, Respondent committed a violation of section 84605, subdivision (a).

CONCLUSION

This matter consists of two counts, which carry a maximum possible administrative penalty of Ten Thousand Dollars (\$10,000).

Under the Enforcement Division's Streamlined Major Donor Enforcement Program, the approved administrative penalty for Respondent's failure to timely file a semi-annual major donor campaign statement is \$1,400. However, this matter has been removed from the streamlined program due to the total amount of contributions that were not reported. The appropriate administrative penalty for cases removed from the streamlined program is determined on a case by case basis.

In this case, Respondent's violations are aggravated, as the undisclosed contribution, both in paper and electronically, totaled \$100,000. However, Respondent was a first-time major donor and has attributed his violations to being unaware of the reporting requirements.

Therefore, a penalty slightly above the middle of the administrative penalty range applicable in

this matter is appropriate.

The facts of this case therefore justify imposition of the agreed upon penalty of Six Thousand Dollars (\$6,000).